

# The American Observer

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe

VOLUME V, NUMBER 15

WASHINGTON, D. C.

DECEMBER 9, 1935

## Ten-Year Program of Housing Suggested

Private Business Would Do Most of Work, with Government in Low-Cost Field

### BROAD PLAN HELD FEASIBLE

Present Housing Facilities Inadequate to Meet Minimum Standards of Decency and Comfort

Although the United States is regarded as the proverbial land of wealth and luxury, it has not made sufficient progress in providing its people with homes. Statistics dealing with our national wealth and income tell a story that is not only cold but also misleading. And too often there is an unwillingness to face the uncomfortable fact that in the midst of an apparent beauty there is much that is ugly and miserable.

To the casual visitor, New York, as the country's largest city, may reveal a modern Bagdad of color and perpendicular beauty, of penthouse apartments that look down upon gay lights and palaces of pleasure. He may note that on swank Park Avenue rents are frequently as high as \$1,000 per month, providing for all comforts that any man could desire. But the visitor needs only tread a few blocks further. There he will find rents as low as \$10 per month, homes that are dark, somber hovels into which the sun never penetrates.

#### Slum Areas

Chicago takes proper pride in Michigan Boulevard, whose tall towers look down upon a well-kept park that fringes Lake Michigan. But only two blocks west of this thoroughfare may be found decrepit apartment houses unfit for the mass of human beings huddled in their confining quarters. In the slums of Pittsburgh as many as 11 people are to be found living in two small rooms. And in the city of Columbus there is Sausage Row, with no running water supply within a block of most of the houses. A foreigner who recently came to visit our capital city, Washington, chanced to wander from the avenues and streets for which this city is famous. Behind the façade of elegance he found the colored sections of the city, the alleys with their ramshackle homes, garbage awaiting removal for weeks, foul odors.

Perhaps because the contrast between wealth and poverty is more striking in the larger cities, we are wont to associate the picture of a slum population only with urban centers. But slums exist as surely in even less congested areas. As one authority has remarked: "We have worse slums in little towns of 5,000, in cities of 100,000 or 500,000, than the big towns ever saw . . . thirty millions of our people are living in miserable hovels."

It is, of course, impossible to measure accurately the price that this condition is persistently demanding. There is no measuring rod for the unhappiness and the indignity, the sheer discomfort that must result from such an environment. Nor is it possible to estimate exactly the toll in human lives brought on by disease resulting from these living conditions. One thing is certain. Slums and poor homes contribute materially to disease and to crime. It has been found that in New York and Chicago, more than five-sixths of all young criminals come from places of the worst housing. It would,

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His enunciations of American neutrality policy are making history.

## The Larger Interests

During the period preceding American participation in the World War, much was heard about "hyphenated Americans." This term referred to German-Americans or British-Americans, or Americans tied by birth or sentiment to some other country. It was a fact that many American citizens were more concerned about the fate of the country from which they or their parents came than they were for the welfare of the United States. We are still troubled by that same problem. We have pro-Italian influence here; pro-German there; pro-British at another place; pro or anti-Soviet someplace else. We have a problem in America such as few other nations experience. We have large groups who feel an allegiance not only to this country, but to some other homeland. The Italian-American's conception of the proper American foreign policy is a policy which would be most helpful to Italians, and so it is with other nationalities. There are a good many million Americans who would like to shape American policy in such a way as best to serve the interest of some other nation.

Nor is that the only kind of sectionalism or factionalism with which we are encumbered. There is the native American who is so wrapped up with the interests of some economic group that he cannot see national problems or interests as a whole. He may be thinking only of the business interests, and may not care anything about the welfare of labor or the farmers. He may be looking out for labor and be wholly unmindful of everyone else. He may be thinking solely of benefits for the farmers or the veterans or the ship owners or any one of 100 other special groups. Now there is nothing wrong about taking particular interests into account, if that does not cause one to lose track of the broader national interest—which it often does.

It will do no good for us to fret and scold about the "hyphenated Americans." The American of recent foreign descent is going to go ahead thinking in terms of his homeland, whatever we may say, and millions of Americans are going ahead working for smaller local or group interests without regard to any argument which may be hurled at them. It becomes highly important, then, that the American who has character and vision enough to see the interests of all the people in a broad and objective way, should assert himself and exercise all the influence of which he is capable. The responsibility upon such large-minded individuals is heavy and imperative. If we are to go forward as a nation and if we are to reach our ideals of security and progress, it will be through the efforts of an increasing number of broad-minded and patriotic citizens whose primary devotion is to the nation and to all its people.

## U. S. Anxious Over Ethiopian Conflict

Roosevelt Administration Tries to Steer Clear of Involvement in War

### UNHEALTHY BOOM FEARED

Expansion of Trade Might Later Disorganize Business and Draw Us into European War

"The most critical period since 1918"—that is the way a well-known diplomat has described this week and the week or two following. There is general agreement that the crisis which has prevailed for weeks in Europe on account of the African war and the League of Nations' efforts to force Italy to give it up, is now reaching a very critical point, and that almost anything may happen. December 12 is the date which everyone is watching. At that time a League of Nations committee of 18, which decides upon the program of sanctions against Italy, will come together and decide upon important measures. It will determine in particular whether the League powers shall prohibit the export of oil and possibly of copper and other essential materials to Italy. If Italy is deprived of oil from the outside, it seems that it will be impossible for her to carry on her military operations, for oil is needed as fuel for ships, for tanks, for airplanes, and for motor cars. The Italians produce practically no oil. They must depend upon imports, and if these imports are shut off completely, they will be helpless. If the supply is partially shut off, they will be badly crippled, perhaps to such an extent that they cannot prosecute the war in Africa successfully.

#### Dangerous Days

If this decisive action is taken against Italy, Mussolini, facing defeat, may strike out boldly and declare war upon Great Britain and the other nations which co-operate in shutting off the oil supply. This would be a dangerous venture for him, but if he acted quickly, he might deal a few heavy strokes, particularly against the British. He might strike at them in Egypt. He might capture Malta and other British islands in the Mediterranean. His planes might make an air attack and cripple the British fleet. There is the further chance that if Italy should precipitate a war against Great Britain and other powers allied with her, the Italians might find allies. The Germans or the Japanese might conceivably come in on their side and, in the general war which would follow, there would be a chance that Italy and her allies might be successful, or at least that she might save herself from complete defeat. If Mussolini should stand by without taking any drastic action and be starved out and brought to defeat in Africa, his régime would probably fall in Italy. If he should strike quickly and decisively against the powers attempting to throttle him, he would at least have a chance to save himself.

Mussolini is probably thinking of another possibility. Perhaps by forcing a war he might divide the League of Nations powers. France is co-operating with the members of the League in imposing mild sanctions against Italy. But would that country go so far as to enter into a war against the Italians? If war should break out between Italy and Great Britain, would

France be likely to go in or would she stay out?

Premier Laval says he would go in. He has so notified the Italian government. He insists that there will be a united front in case Italy should reply to an oil embargo by declaring war. But can Laval carry out his policy? Can he take France along with him? There is some doubt of that. No one knows whether Laval will be premier of France a month from now. His position and that of the French government is very unstable, as was pointed out in THE AMERICAN OBSERVER three weeks ago. He has staved off defeat at least temporarily. He has received a vote of confidence in the French Chamber of Deputies. But whether or not the French people would support a war against Italy is somewhat doubtful. Perhaps they would. But no one can say for certain, not even Premier Laval.

One can easily see why the members of the League of Nations should be considering stiffer sanctions against Italy. The mild sanctions they have adopted have not forced Italy to stop making war against Ethiopia. If the League is not to suffer defeat in its policy it must bring greater pressure to bear. It can bring this pressure by stopping the shipment of supplies which Italy absolutely requires. On the other hand, the nations which belong to the League are anxious to avoid a general war. It is possible, therefore, that they may come to terms with Italy and may grant her certain concessions of territory in Ethiopia, in return for her calling off the war. If these concessions are not made, and if the war is not called off, it seems highly probable that the embargo on oil, and possibly other essential supplies, will be voted when the committee of 18 meets in Geneva next Thursday.

#### America in Key Position

The United States is vitally interested in the steps which are being taken at Geneva. The course which our government takes will affect the situation in Europe. It will affect the action taken at Geneva. The United States is not a member of the League of Nations. But she is a great producer of oil. If this country should permit unlimited shipment of oil to Italy when the other nations stop the shipments, the League's oil embargo policy would be badly crippled and might completely fail. The United States might supply the oil denied by the other nations.

It is probable, therefore, that the League of Nations would not impose an embargo on oil unless it had reason to think that the United States would prohibit or limit shipments from this country to Italy. The League powers, however, do have that assurance, for the American government is taking strong steps to discourage oil exports to Italy. It is not prohibiting such shipments. Congress is not in session, and the President has no right to take action of that kind. The American government, acting through the State Department, is



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But should large quantities of American raw materials find their way to the markets of nations at war? This is one of the most important issues confronting the United States today.

insisting, however, that Americans should not ship more oil to Italy than they shipped before the war situation developed. Our government is bringing pressure to bear upon ship companies to compel them to fall into line with its policy. It is able to bring quite a little pressure. Several of the ship companies owe the government money, and it has been suggested that the government might force the payment of these loans, which would be very embarrassing to the companies, if they did not comply with the government's request. This policy on the part of the United States makes it much easier for the League of Nations to carry out its program. But naturally the Italians resent the position our government is taking. They claim it is taking sides with the League against Italy. They have issued informal warnings to the effect that a policy of this kind would be regarded as unfriendly by Italy.

Since the course of events is drawing America so closely into the great international quarrel, it is well that the policy the government is pursuing should be clearly understood. As a matter of fact, our State Department is not undertaking to help the League against Italy. It is adopting a course which it believes takes into account the essential interests of the American people. Its policy is this: When foreign nations are at war, the United States should carry on a normal trade with the belligerents; that is, our government should permit companies engaged in export trade to sell their products to the countries which are at war, provided they do not sell more than they had been selling before the war occurred. Our government does not want a war trade to develop.

It does not want a war boom, a boom which, by its very nature, would necessarily be temporary. It does not want our people to sell so much to any foreign nation that the American trade will help it to win its war. It does not want this trade to develop so as to cause an unhealthy boom in any of our industries—a boom which would lead only to a crash later when the war closed, and which, in addition, would probably get us into the war. In order to understand the American position more fully, we must go back into history a few years and see what happened to our trade when the World War began in Europe.

While making this study, we must remember that an experience of that kind is precisely what our government is trying to avoid at present.

When European nations began to fight back in 1914, they found themselves in need of more food and clothing and munitions and other materials than they could supply. They began to purchase these things in the United States. Soon orders were rolling in for American wheat, cotton, steel, chemicals, munitions, and many other things. American farmers and manufacturers were able to sell all that they could produce. The warring peoples wanted even more than they could get. This war trade was very profitable to our people. Our munition makers became rich almost overnight. But they were not the only ones who were helped. The farmers were getting high prices for their products, and were making money. All the workers were able to find jobs, and wages rose. These were times of prosperity.

It soon became apparent that this war trade, lucrative as it was, involved certain dangers. It threatened to get us into the war. The Germans undertook to stop the flow of American goods into England and France; the British with their great navy undertook quite successfully to stop the flow of American goods to Germany. The nations on both sides were interfering with American trade.

#### Too Late to Stop Trade

But though this war trade was involving us in quarrels with the fighting nations, our government could not stop it. Too many Americans were benefiting. The farmers and the owners of factories had been increasing their output in order to meet the demand for goods from other countries. If the government had stepped in and had stopped the commerce with the warring powers, our farmers would have been caught with a great surplus of products on hand, and our factories would have been caught in the same way. Prices would have fallen. There would have been great distress among our people. Perhaps few people would have cared if the millionaire munition profiteers had been hurt, but these profiteers would not have been the only sufferers. Farmers would have been badly injured, and thousands of workers would have been thrown out of employment and their families would have been in distress. So, any step, looking to a stopping of the trade by the government, would have been opposed by a majority of the people. The government simply had to go ahead and protect the trade in the war zones. It had to say that America would go to war if any country captured our shipments, or killed Americans engaged in trade in the war zones.

So our government did insist upon this "right," and we did get into the war. Before we got out of it, our government had spent about \$50,000,000,000; the national debt had risen to \$26,000,000,000; and 350,000 Americans had been killed or wounded.

But this was not the whole cost of the

war. Something very serious had happened to our industries. At first it did not seem serious. It seemed to be a very good thing. When we got into the war the demand for our goods continued to increase. American wheat was needed in order to feed American soldiers in France and the soldiers of the Allies. American cotton was needed to clothe them. American steel and munitions and motor cars were needed to carry on the war. In order to meet this demand, the farmers produced to capacity. Each farmer who could do so bought more land—bought it at a very high price. The farmers bought tractors and other implements. They could make money by cultivating land which ordinarily would not have paid them to cultivate. Hence they did so.

#### After the War

Then after a while the war closed. The abnormal demand for wheat and cotton and hogs and beef and other farm products ended. The farming industry, which had been expanded tremendously in order to meet an abnormal war demand, now collapsed, for the demand no longer existed. The farmers found themselves producing more than they could sell. The whole agricultural machinery had been geared up to meet a situation which no longer prevailed, and so there was a crash of the agricultural industry. The farmers have never recovered from this collapse. Even today the government feels obliged to make a gift of half a billion dollars a year to the farmers in order to keep them going. It has helped them to take their lands out of cultivation, and no one knows today how our farm problem can be solved. Yet this problem resulted, to a very large extent, from the war. It is a direct product of the excessive demand for farm goods which resulted from the war.

The thing that was happening to agriculture was happening to many other industries. Factories had been expanded to meet the abnormal war demands. Factories sprang up, and whole towns were developed as a result of the war boom. Then when the boom collapsed, there was crash all the way around. There was a short but

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#### The American Observer

*A Weekly Review of Social Thought and Action*

Published weekly throughout the year (except two issues in December) by the CIVIC EDUCATION SERVICE, 744 Jackson Place, Washington, D. C.

Subscription price, single copy, \$2 a calendar year. In clubs of five or more for class use, \$1 a school year or 50 cents a semester.

Entered as second-class matter Sept. 15, 1931, at the Post Office at Washington, D. C., under the Act of March 3, 1879.

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TIES THAT ARE BEGINNING TO BIND

—Carmack in Christian Science Monitor

# AROUND THE WORLD

**Geneva:** Peace with honor! Can this difficult combination be devised in time to prevent grave and unpredictable developments in Europe? It is a question which has been agitating the minds of statesmen during the last few weeks as they have watched the diplomatic struggle over Ethiopia reach a new point of crisis. The nature of that crisis, discussed more fully elsewhere in this paper, may be summarized briefly as follows:

1. The League is moving toward the application of an oil embargo against Italy which, if rendered effective, will make it impossible for her to continue her war for any length of time. The decision on this step is to be taken when the Sanctions Committee meets on December 12.

2. Mussolini threatens war if an oil embargo is declared. He is reported to have his program of action in readiness. This would involve the recall of all Italian envoys in nations joining in sanctions; Italy's resignation from the League; an attack on the British fleet in the Mediterranean, by a "death squadron" of 125 pilots, each of whom would seek to plunge his bomb-laden plane into a British ship. The program, however, is not official and too much reliance cannot be placed upon the accuracy of reports concerning it. Mussolini was scheduled to clarify Italy's attitude after a meeting of the Italian cabinet on December 3.

3. Premier Laval has warned Italy that an attack upon Great Britain would bring France into the war against Italy. The premier has been urging Mussolini to make peace before

the League is obliged to declare an oil embargo. French and British experts have drawn up a new plan for peace along the lines of the one rejected by Mussolini last August. Details have not been made public. Premier Laval caused the meeting of the League Committee to be postponed from November 29 until December 12 in order to give him time for negotiations with Mussolini.

Whether such a plan can be made acceptable to Il Duce is the great question. It will have to provide him with sufficient concessions in Ethiopia to "save his face," that is, to make it appear that Italy lost nothing by going to war. At the same time it will have to preserve enough of Ethiopia's independence and territorial integrity to give the impression that the League has suffered no defeat.

If this "peace with honor" cannot be negotiated, then the African war will enter its most dangerous stage. Mussolini, seeing himself lost, may resort to a mad stroke which may drag the rest of Europe into war. The chances, however, would seem to be against this. Sir Samuel Hoare planned to confer extensively with Premier Laval before the League meeting and there is hope that France and Great Britain, united on a policy, will be able to keep the crisis within bounds.

\* \* \*

**France:** By a vote of 324 to 247 the French Chamber of Deputies has approved the fiscal policies of Premier Laval, thereby greatly strengthening his hand over the government. Unless he should fall on other issues, he will continue the struggle to keep France on the gold standard and to prevent

devaluation of the sorely pressed franc.

Premier Laval won a victory not so much because the deputies were convinced that his monetary policies were the best, but because no group included in the majority was willing to take the responsibility of forcing his resignation. If the value of the franc is cut, millions of French people who draw pensions or who have their money invested in government securities will be hurt. There is to be an election next May and deputies are not anxious to alienate such a large number of voters.

But while the deputies were not ready to vote against Laval on the issue of the franc, it was not proof that they would not do so on the more inflammable issues which were to be raised afterward. Foremost of these was the problem of the armed pro-fascist leagues, such as Colonel de la Rocque's Cross of Fire. A majority of the deputies, many of whom are aligned under the Popular Front against fascism, insist that the leagues must be disbanded. Laval has half-heartedly expressed his willingness to do this. He has had to make a show of promise to pacify the left wing of the Chamber but whether he can or will carry it out is problematical. The matter was due for a complete airing in the Chamber of Deputies after money questions had been disposed of. Unless Laval can satisfy the deputies that he is sincerely ready to curb the fascist leagues, his cabinet may be defeated.

One result of the French cabinet crisis has been a stiffening of France's attitude toward Italy. It is reported that Edouard Herriot, leader of the Radical Socialist party, the strongest in the chamber, warned Laval that unless he showed more of a disposition to back the League and Britain on the Ethiopian crisis he would surely be overthrown. Herriot is wholeheartedly in favor of the League and its sanctions program. And since he alone has been responsible for holding his party in line behind Laval he is in a position to influence the premier's foreign policy. Laval, consequently, has shown less sympathy toward Italy.

\* \* \*

**Great Britain:** Prime Minister Stanley Baldwin formally opens the London Naval Conference today. The five powers represented—the United States, Great Britain, Japan, France, and Italy—have large delegations at the conference; too large, it is held, for a meeting which has little prospect of getting anywhere. The Japanese are apparently responsible for this. They decided to send such an imposing delegation to London that each of the other nations felt it had to do likewise.

Japan is evidently coming prepared to defend her action in abrogating the Wash-



THE CITY OF NATAL, BRAZIL

Which was captured and held by the rebels in the recent short-lived uprising.

© Acme

ington Treaty of 1922 which gave her a navy inferior to those of the United States and Great Britain. She will no longer observe this treaty after December 31, 1936, the earliest date on which it can expire; nor will she adhere to the supplementary London Naval Treaty of 1930 which comes to an end on the same date. The Japanese are now demanding full naval equality, something which neither the United States nor Great Britain is willing to grant. Unless they yield, a naval building race among the powers seems surely in the offing. Japan's recent appropriation of nearly 47 per cent of her total estimated revenue for next year for military purposes (the largest appropriation in her history) is a sign of her determination not to be bested at London.

\* \* \*

**Italy:** So strict is the censorship which has been clamped on all reports about the war, whether they come from Italy or Ethiopia, that it is impossible to say more than that there has apparently been an increase in the fighting. There is evidence, however, that Italy has not been making progress as rapidly as desired and that the Ethiopians, now that they are used to seeing planes, tanks, and machine guns, are becoming more confident of their power to repel the invaders.

It is said that General Badoglio, who succeeded General de Bono as commander in chief of the forces pushing toward Addis Ababa from Eritrea, will adopt different tactics in an effort to speed up the war. General de Bono proceeded cautiously, building roads behind him and seeing to it that he was well protected as he advanced.

It is believed that Badoglio will try a series of columnar thrusts into the country in an effort to meet the Ethiopians in battle and conquer them. It was precisely such tactics which resulted in the massacre of the Italian armies at Adowa in 1896. The Ethiopians may be encouraged by this knowledge and may decide to risk a major encounter with the Italians. If so, it will provide the first big battle in a war which so far has been singularly uneventful.

\* \* \*

**Brazil:** The sixth revolution during the past 15 years of Brazil's troubled history was crushed last week. One hundred twenty-eight men lay dead, 1,300 soldiers were under arrest, and a state of siege was proclaimed over the whole country. Getúlio Vargas, president of the Brazilian Republic, charged that the revolt was an attempt to set up a communist government in his country.

But as he thus sought to lay the blame of the rebellion upon the agents of Moscow, reports from disinterested sources in Buenos Aires indicated that the leader of the revolt, Luis Carlos Prestes is by no means a communist. During a period of exile from his homeland, Prestes went to Russia to make a study of political and social conditions there, but on his return announced that communism was not suitable to the needs of Brazil. His program of social reform, just made public, is much the same as that which the present president advocated when he himself led a successful revolt in 1930.

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**China:** Although recent developments have appeared to delay the long-expected declaration of North Chinese autonomy, further provocative incidents make it doubtful that Japan will much longer seek to preserve appearances by moving cautiously in her imperial conquest of China's northern provinces. Early this week two Japanese agitators for North China autonomy were reported to have been slain by Chinese village residents east of Tientsin. This incident has considerably aggravated the situation, as it affords substance to the charge of Japanese officials that anti-Japanese propaganda in the provinces is not being suppressed by Chinese authorities.

It is expected that the incident will have an important bearing upon the "peace" conferences now taking place between Japanese military officers and the governors of the North China provinces. These latter are trying to find some basis of understanding with Japan which will guarantee the latter's interest and influence in China, without, on the other hand, destroying the authority that the central government still exercises from Nanking.



HOW BRITISH AND ITALIAN NAVAL FORCES ARE CONCENTRATED IN THE MEDITERRANEAN

—Courtesy New York Times



THE DIRECTOR OF THE BUDGET

Daniel W. Bell, who conferred with President Roosevelt at Warm Springs over the nation's budget problems.

## The President

On November 29 President Roosevelt fired the opening gun in his campaign for reelection. The address was delivered at Atlanta, Georgia, to a cheering crowd of 50,000, and it was broadcast to millions of Americans all over the country, who listened as the President gave his version of his administration's achievements.

Mr. Roosevelt first turned his attention to the work of his predecessors, the Republicans. He went back to the Coolidge days of so-called "prosperity." He characterizes the period before the crash as follows:

In that orgy of "prosperity" a wild speculation was building speculative profits for the speculators and preparing the way for the public to be left "holding the bag." In that orgy of "prosperity" banks, individually and by chains, were closing their doors at the expense of the depositors. In that orgy of "prosperity" the farmers of the South had become involuntary speculators themselves, never certain when they planted their cotton whether it would bring 25 cents or 15 cents or 5 cents. In that orgy of "prosperity" the poorest vied with the richest in throwing their earnings and their savings into a caldron of land and stock speculation. In that orgy of "prosperity" slum conditions went unheeded, better education was forgotten, usurious interest charges mounted, child labor continued, starvation wages were too often the rule instead of the exception. Mammon ruled America.

The President spoke then of what his administration has done. It has given the farmers higher prices and more spending power; it has given labor the right to organize; it prohibited child labor until the courts had overthrown the act under which this relief was given—that is, the NRA; it protected home owners from foreclosures; it put the banks on their feet, and

We find in this address a defense of the administration's unemployment relief program. At first the attempt was made to give outright relief, then the administration turned to work relief. "When some of the people of this great and wealthy country are suffering from starvation," Mr. Roosevelt said, "an honest government has no choice." It must provide the relief. He went on to say:

I can realize that gentlemen in well-warmed and well-stocked clubs will discourse on the expenses of government and the suffering that they are going through because the government is spending money for work relief. I wish I could take some of these men out on the battle line of human necessity and show them the facts that we in the government are facing. If these more fortunate Americans will come with me I will not only show them the necessity for the expenditures of this government but I will show them as well the definite and beneficial results we have attained with the dollars we have spent. Some of these gentlemen will tell me that a dole would be more economical than work relief. That is true. But the men who tell me that have, unfortunately, too little contact with the true America to realize that in this business of relief we are dealing with properly self-respecting Americans to whom mere dole outrages every instinct of individual independence.

This relief program has been costly. But the nation was told by the chief executive that the peak of spending has now passed. Business conditions are improving; revenues are rising; and as business grows better, more men will be employed. The expense for relief will accordingly be cut down. The President did not undertake to say when income would equal outgo—when, in other words, the budget could be balanced. But he indicated that the deficits would be smaller than they have been.

## Government Spending

A few days after the President had delivered the address, the Treasury announced that it would sell bonds to the amount of \$900,000,000. This borrowing of almost a billion dollars will bring the national debt above \$30,000,000,000. In this connection it is interesting to recall a statement made by President Roosevelt in the course of his Atlanta speech. He said that in the spring of 1933, when the bankers had flocked to Washington to call for loans from the government in order that they might stay open, he had said that the relief which they called for would cost the government a great deal of money. The government would be obliged to feed the hungry as well as to make loans to banks and corporations. To do this, it would have to borrow money and increase the national debt. He asked the bankers how great a debt the country could safely stand, and they told him, so the President declared, that the government might with safety run a debt of from \$55,000,000,000 to \$70,000,000,000.

There were immediate denials from big Wall Street bankers. Many of them declared that they had never made such a statement to the President, and that they knew of no other banker who had. The President has not been accused of telling an untruth, but there are intimations that his advice did not come from the great New York financiers. On the other hand, very strong evidence can be found in Washington, indicating that the President



ADVICE FROM A VICTIM  
—Kirby in N. Y. World-Telegram

then insured the deposits of the depositors; it put an end to the sale of bogus securities through the regulation of the stock exchange; it has undertaken to stop destructive floods, to prevent wind and flood erosion of the soil; it established a social security law, which, said the President: "in days to come will provide the aged against distressing want, will set up a national system of insurance for the unemployed, and will extend well-merited care to sick and crippled children."

# The Week in the

## What the American People Do

told the exact truth, and that when the bankers were themselves greatly in need of help back in 1933, they were contending that the government could safely borrow billions upon billions of dollars.

The idea of the government's going into debt to the amount of \$55,000,000,000 to \$70,000,000,000 does not seem absolutely dangerous, however, when we reflect on the fact that the British debt is over \$30,000,000,000, and that the population of Great Britain is only one-third that of the United States, and that the wealth is probably not more than one-third as great. The burden of the British debt would seem, therefore, to be as great as an American debt of \$100,000,000,000 would be. As a matter of fact, close inspection of the figures would show that such a conclusion is not wholly correct, because the people of the United States are obliged to bear a city and state debt which is much greater than any of the local debts which the British people carry. Nevertheless, the national debt in England is far heavier than in America.

The President in his speech hastened to say, however, that he had no thought of building the American debt up to the amount the bankers had suggested. He intimated, as we pointed out in the previous note, that the debt has about reached its limit.



THAT'S A THOUGHT!  
—Talbert in Washington News

The national debt was over \$25,000,000,000 at the close of the World War. It was cut down during the 1920's to \$16,000,000,000. Then came the depression and during the Hoover administration it mounted to more than \$21,000,000,000. During the last Hoover year, there was an increase of \$3,000,000,000 in the debt. President Hoover was spending the money chiefly in the making of loans to businesses which otherwise would have failed. Of course, much of this money will come back.

President Roosevelt continued the Hoover lending policy, and in addition, gave relief to individuals who are unemployed. This caused him to increase somewhat the total of governmental expenditures, and during each of the three Roosevelt years, the deficit has been a little higher than it was during the last Hoover year. Of course, much of the \$9,000,000,000 which President Roosevelt has added to the debt consists of loans to industry, and much of this will come back, just as much of the money spent by the Hoover administration either has come back or will be recovered.

## Georgia Conferences

Last week President Roosevelt completed his almost three-week vacation at Warm Springs, Georgia. But his time was not spent entirely in resting and vacationing. The first 10 days were busy ones, for in addition to writing and delivering his important speech on the federal spending program, he has had almost endless conferences with officials from Washington. His chief interest was focused on next year's budget, which he went over thoroughly with Secretary Morgenthau, acting Director of

the Budget Bell, and Chairman of the House Appropriations Committee Buchanan. Then, in addition, the President mapped out his legislative program for the next session of Congress which convenes in January. Assisting him with this was Charles West, undersecretary of the interior, the main contact man between the White House and Congress. Finally, Mr. Roosevelt worked on the speech he was to deliver in Chicago on his return trip to the capitol.

More complete rest was scheduled for the President's final week in the South. No officials were scheduled to confer with him, and about the only real work contemplated was writing the Chicago speech. He expected to remain out of doors as much as possible, to swim a great deal, and to take tours in his open automobile. Before leaving for Washington, he planned to inspect one of the resettlement projects in Georgia, begun last year.

## The Bonus Issue

The bonus issue has, it appears, been thrown into the presidential campaign. Colonel Frank Knox of Chicago, one of the leading contenders for the Republican nomination, has come out for the payment of the bonus. President Roosevelt is opposed to bonus legislation. He vetoed the bill for the prepayment of the bonus last year, and it is considered certain that he will veto a similar measure after Congress convenes this winter.

Colonel Knox's position, as he describes it, is as follows: He has been opposed to the payment of the bonus and has stood for governmental economy. Now, however, that the Democratic administration has gone in for a spending program and has appropriated \$1,880,000,000 for relief, he has changed his mind and has decided that if the money is to be spent at all the former soldiers should get their share. In other words, he would take the \$2,000,000,000 or so required for the payment of the bonus out of the \$4,880,000,000 relief fund. He would have the government spend that much less in work relief to give jobs to the unemployed, and would distribute the \$2,000,000,000 among the veterans.

Colonel Knox further justifies his plan by saying that if this money were given to the veterans, it would withdraw \$2,000,000,000 from the relief fund, which James Farley is trying to use in order to maintain the present administration in office. He implies that the Democrats are using the relief money in such a way as to curry favor with those who are on relief, and that they are thus indirectly buying votes.

The views of the Chicago publisher were expressed in a letter which he wrote to Henry H. Curran, director of the National Economy League. Mr. Curran sent in reply a stinging



THE PRESIDENT  
At the wheel of his car, the President

# The United States

## Doing, Saying, and Thinking

letter in which he said: "You would swap onereckless expenditure for another." He said further:

You speak of prepaying the bonus now as a transaction which subtracts "\$2,000,000,000 from the funds which Jim Farley is going to use to try to maintain the present administration in office." It is your own statement that the purpose of the \$4,880,000,000 relief fund is "to maintain the present administration in office," for you say you are entirely "conscious of the fact." Well, if all the Republicans in the Congress vote for prepayment of the bonus—and you say you hope they will—doesn't it make this bonus look a little like a Republican campaign fund, in order to place a Republican administration in office, especially in view of the probability that President Roosevelt will veto any such measure and that the Republicans in office will vote to override his veto, and will possibly succeed? In other words, it seems to me that you are playing politics with the whole thing.

We have an indication here of three separate and conflicting views with respect to the bonus and expenditures generally. The National Economy League, represented by Mr. Curran, believes that governmental expenditures in general should be cut down drastically. He would do away with most of the relief expenses. President Roosevelt thinks relief expenditure on a considerable scale is necessary so long as men are unemployed and in want. Colonel Knox would cut down expenditures for relief drastically, but would add the expense involved in paying the bonus to the veterans. He would thus add the expenditures which both President Roosevelt and the National Economy League oppose and would make up for it by cutting down on relief.

It is clear that the bonus is not a partisan issue. The parties split on it in the last session of Congress, and they will split on it again. The last two Republican Presidents were opposed to it, and so is President Roosevelt. As a matter of fact, the issue of expenditures in general can hardly be said to be partisan, and many of the party leaders are today calling for economies, but in many cases they favor economy merely as a general principle. They fall in line when some particular group, with votes at its command, calls for governmental assistance.

### Direct Relief Ends

After two and a half years of direct relief, the federal government has officially ended the dole. From May 1933 to December 1 of this year, when the last payments for direct relief were turned over to the states by the Federal Emergency Relief Administration, nearly \$4,000,000,000 was spent by the national government in order to relieve the unemployed and the destitute. The final allotments, amounting to \$38,815,487, went to the 22 states which had not already been cut off the national government's direct relief rolls.



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GEORGIA  
for an interview with reporters.

The ending of the dole does not mean that the federal government has abandoned its relief activities altogether. During the last few weeks it has been concentrating all attention on the work-relief program by which it hopes to give jobs to all those out of work who are employable. In his Atlanta speech, the President said that 3,125,000 had already been employed by the work-relief program, and it was expected that the goal of giving jobs to 3,500,000 would be reached in a few days. Even though his goal is reached, all the unemployed will not be cared for, as it has been recognized for some time that there are approximately 4,000,000 "unemployables" in the country; that is, persons who, because of age, ill health, or some other cause, are unable to work. These unemployables will have to be taken care of by the states now that the federal government has ended the dole.

During the peak of its direct relief activities, the federal government was taking care of 16,000,000 people. The average dole, during the early stages of the program, amounted to about \$15 a month throughout the nation. In the later stages, the average dole amounted to nearly \$30 a month. It was the purpose of the \$4,000,000,000 work-relief program adopted by Congress last spring to end direct relief by means of public works, and the last few



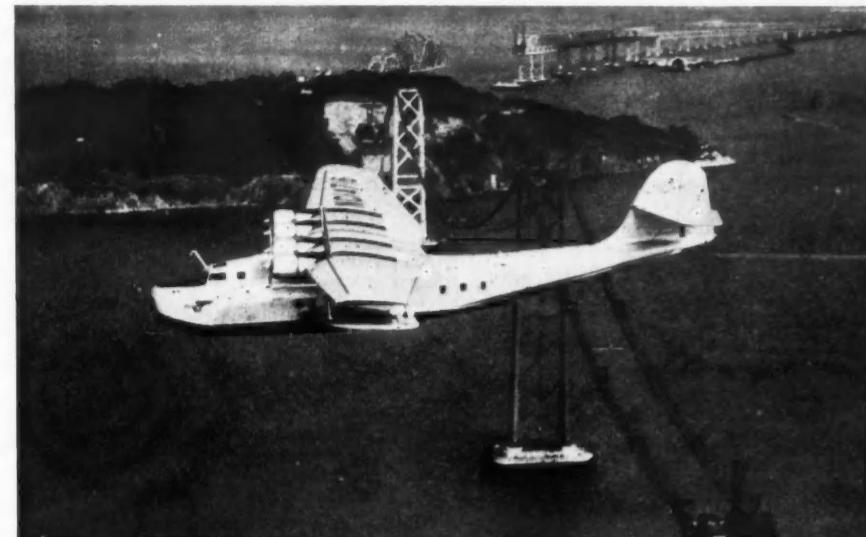
—Brown in N. Y. Herald-Tribune

months have been spent in getting projects started and transferring the unemployed from the dole to jobs created by these projects.

### "Under Protest"

The first of December passed with practically all the important holding companies in the public utility field openly defying the government by refusing to register with the Securities and Exchange Commission. The offices of the SEC in Washington were open all day, even though it was Sunday, to allow holding companies to hand in their registrations. But midnight came with only 57 registrations, and these all relatively unimportant holding companies. The only exception was the Middlewest Corporation of Chicago, a holding company built on the ruins of the old Insull empire which collapsed in 1932. Many of those who registered did so "under protest" or "under duress."

What the result of this open defiance of the Public Utility Act of 1935 will be cannot be determined at the present time. Holding companies which refused to register—and many of those which did register—insist that the law requiring them to register is unconstitutional and that they are under no obligation to comply with its provisions. The SEC has already brought suit against one of the leading holding companies in the country, the Electric Bond and Share Company, requesting a federal court in New York to compel the company to fall in line. It is generally admitted that little can be accomplished, either by the SEC or by the holding companies themselves, until a final verdict on the constitutionality of the act is



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The China Clipper, at the start of its historic round-trip flight to Manila.

handed down by the Supreme Court. For that reason, it is expected that lawyers of the government will agree with lawyers of the holding companies upon a suit which can be rushed to the highest court of the land with a minimum of delay in order to settle the uncertainty which now prevails.

### Child Labor Increases

According to the annual report of the National Child Labor Committee of New York City, there has been such an increase in the employment of children in industry since the Supreme Court's overruling of the NRA that child labor is back to where it was three years ago, before the NRA was adopted. The committee asserted that its investigation showed that it is impossible to eliminate child labor without legislation specifically prohibiting the employment of children under a certain age. The report cited a number of examples of the increase in child labor: In California, "many thousands of school children" are employed; in North Carolina an increase of considerable proportions, 77 per cent of the total children being employed in the textile mills; in New York City, nearly a threefold increase in the number of work permits issued to 14- and 15-year-old children; and a number of other cases.

This increase in child labor is expected to renew the efforts of those who are attempting to outlaw the practice. There is now pending an amendment to the Constitution authorizing Congress to deal with the question of employment of children under 18. So far it has been ratified by 24 states. If the national government is to deal with this subject, there will have to be a constitutional amendment because a law passed by Congress abolishing child labor was ruled unconstitutional by the Supreme Court in 1918.

### The Clergy Speaks

From two different sectors of the religious front came indications last week that clergy and laymen alike have definite views on public problems confronting the United States today. On the one hand, a group of clergymen, replying rather belatedly to the President's invitation to religious leaders to express their views on how the government "can best serve our people," sent a strongly worded letter in which they urged a more radical economic program than that provided by the New Deal. The other indication of public sentiment came from the Council for Social Action of the Congregational and Christian Churches which has been conducting a nation-wide vote on the issue of war and peace. According to incomplete returns of the poll, an overwhelming majority of those who voiced their sentiments favor a policy of isolation designed to keep the United States out of future wars.

The 45 members of the executive board of the National Religion and Labor Foundation who replied to the President's letter to clergymen said that, after canvassing nearly 5,000 clergymen representing 22 faiths, they had found intense dissatisfaction with the economic program of the New Deal. It was not that the New Deal was too radical, as many critics of the Roosevelt administration have

been charging, but that it did not go far enough. "We ask you," the letter said, "to take drastic steps, in co-operation with your associates in government, to see that the standard of living of all people rises to the level made possible through socializing our potential resources. This improvement involves transferring the distribution of the necessities of life, as well as other consumption goods, to cooperatives. It involves the nationalization of the basic industries and the building of an inclusive trade union movement which will insure social justice to the workers."

Despite the measure of recovery the country has had, the religious leaders declared, it is illogical "to refer to the 'recent depression' when one-sixth of our people are in danger of becoming permanently unemployable from malnutrition and degeneration from aimless activity." The strongest of all their statements, however, was not so much a criticism of the New Deal as it was an indictment of the capitalist system itself. "We hold," the letter said, "that there can be no permanent recovery as long as the nation depends on palliative legislation inside the capitalistic system." The government must see to it that the national wealth is so distributed as to provide all with a decent living, the leaders said, charging that "under the New Deal, the disproportionate distribution of wealth and power has not been substantially changed."

In the war-and-peace plebiscite to which we referred above, only seven per cent of those who voted said they would support the United States in "any war which it may declare." Thirty-four per cent of the 54,563 voters said they would support only a war resulting from



NOT A VERY HELPFUL GALLERY

—Carmack in Christian Science Monitor

invasion of American territory, while 14 per cent declared that they would support no war. On the subject of government control of the munitions industry, 45,783 voted in favor and 5,170 against; on national isolation through strict neutrality, 27,051 yes, 17,048 no. While less than half of the voters thought the United States should become a member of the League of Nations, there was a seven-to-one majority in favor of consultation with other nations to support the Kellogg Pact.

## Historical Backgrounds

By David S. Muzzey and Paul D. Miller

### Sectionalism in American Politics

**I**N OUR discussion last week we hinted at the growing conflict between the two important sections of the country. We showed that more and more the interests of the South and the North were becoming sharply opposed to each other; that, generally speaking, members of Congress from the South opposed tariff bills which boosted the import duties, while those from the North favored such measures; and finally that it was precisely the bitterness of these sectional conflicts that led to the greatest tragedy in American history, the Civil War.

To a certain extent, American history may be written in terms of sectional interests as opposed to the broader national interests. We have heard a great deal about states' rights as opposed to national rights, but more often than not, the controversy over

states' rights has been in reality a fight over the broader sectional rights. Very often the interests of a group of states lying in the same geographical area—a section—are almost identical, and political representatives of that region seek the enactment of legislation designed to promote those sectional interests.

#### Sectional Blocs

In the earlier days of our history, there were really only two clearly defined sections, generally spoken of as the North and the South. In later times, as the nation has spread westward, other sections, with their peculiar interests and problems, have taken shape. Thus today we find distinct sections in New England, the South, the Middle West, the Rocky Mountain region, the Pacific Northwest, and still others. The spokesmen of these sections in Congress may generally be counted on to stand together, regardless of party allegiance, in pushing legislation shaped to benefit their particular part of the country. They form blocs in Congress. Thus we have the silver bloc from the Rocky Mountain states, the farm bloc from the Middle West agricultural section, the cotton bloc from the South, the industrial bloc from the East, and so on.

The rise of sectional interests and conflicts in American history became particularly pronounced following the War of 1812—particularly between the years 1816 and the outbreak of the Civil War. During the war with England, sectional rivalries and jealousies were subordinated largely to the broader national interest, for it was essential that the nation be united in its attempt to defeat the British. Once the war was over, however, the sectional conflict broke out anew. Its fundamental significance, as explained by the man who during his life made the most thorough study of it, Professor Frederick Jackson Turner, in his book, "The Significance of Sections in American History," is as follows:

A study of votes in the federal House and Senate from the beginning of our national history reveals the fact that party voting has more often broken down than maintained itself on fundamental issues; that when these votes are mapped or tabulated by the congressional districts or states from which those who cast them came, instead of by alphabetical arrangement, a persistent sectional pattern emerges.

There has been in the earlier periods the sharp clash between New England and the South, with the Middle States divided and unstable, constituting a buffer zone and often holding the balance of power. Then, as population spread westward, the greater parties were composed of sectional wings. Normally, in the Re-

publican party there came to be a fairly solid conservative New England, a mixed and uncertain Middle Region, and a more radical North Central wing, ready in the shaping of legislation to join the Democrats in a kind of sectional *bloc* (even before the days of the *bloc*) to oppose the conservative and dominant Eastern wing. As time went on, the East North Central States came into closer connection with the Eastern wing, and in the West North Central lay the areas of radical dissent and of third-party movements. Legislation was determined less by party than by sectional voting.

#### Conflicts Today

While, in the main, the so-called "nationalists" have been successful; if not always in the halls of Congress, at least in decisions of the Supreme Court, these national interests have often won at the expense of certain sections. As we pointed out last week, if following the Civil War, the Republican party was victorious in carrying the country by devising programs which would win the industrial East and the new agricultural West, it was not a sign that a compromise, equally beneficial to all sections, had been worked out. As a matter of fact, there was more "take" than there was "give" on the part of these sections, and more "give" than "take" on the part of the Southern section, which suffered as a result of the policies which were put into effect by the national government.

Political leaders of our own day are not unmindful of these conflicting sectional interests, for they realize that voters will choose men who they think will work to promote their welfare. Since no one section is large enough to carry a national election, combinations have to be worked out; as, for example, a combination of the industrial East and the agricultural Middle West, or a combination of the South and the farm sections, with perhaps the mountain states thrown in for good measure.

It may be that at some time in the future American politics will be shaped along lines other than sectional. Even today there are indications that other factors are entering into the picture. There are, for example, the laboring classes whose vote must be taken into account, and parties must put into their platforms planks which will appeal to the working classes. But it has never yet happened that labor has formed a united political front, and workers, while seeking to further their own interests as a class, are not unmindful of the sectional interests of the geographical locality in which they reside when they go to the polls in a national election. Thus, although the specific issues which cause the fires of sectionalism to flare up have changed since the earlier days of our history, the same fundamental conflicts of interest are present.



DAVID S. MUZZEY



NATIVES CARRYING MUNITIONS INTO ADDIS ABABA

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## Among the New Books

### Dog Story

"The Voice of Bugle Ann," by MacKinlay Kantor. (New York: Coward-McCann. \$1.25.)

FOR anyone who has ever had, or wished to have, a dog, "The Voice of Bugle Ann" is recommended. This moving little story will probably appeal most deeply to those who are familiar with the old-time "hunting" which was the breath of life to the Davises and the Roysters, the hunting in which there were no scarlet coats and horses, nor killing, but only the warmth of a fire to keep off the chill of late nights among the rolling hills of Missouri, and the husky baying of silvery-throated hounds that pierced the night quiet whenever the dogs got wind of a "sweet" fox. But one need have no knowledge of these things to thrill to the trumpeting of Bugle Ann, and rise in anger against Terry, and perhaps find it difficult to swallow when reading of that glorious June night when old Spring Davis comes home from prison. To tell more would spoil for you a couple of exciting hours.

### Van Loon Broadcasting

"Air Storming," by Hendrik Willem van Loon. (New York: Harcourt, Brace and Company. \$2.)

THIS collection of 40 radio talks is an excellent book that is likely to receive less than its just reward, chiefly because of its title, which is unworthy of the contents. There are few radio talks deserving of publication; these by Mr. Van Loon happen to be some that are. They reflect astonishingly well the philosophy of a noted historian who is, and always has been, searching for the Truth. Perhaps he does not attain that eminent object every time, but it can be said of him that he always tries. These sketches fluently written, just as they were spoken over the air, make informal and delightful reading. Because they touch on so many important historical events, from the Crusades to Hitler, they should not all be read at one sitting. For occasional bedtime reading they are splendid.

### Ethiopia Explored

"From Red Sea to Blue Nile: A Thousand Miles of Ethiopia," by Rosita Forbes. (New York: Lee Furman. \$3.50.)

THIS book, by a famous English explorer, was first published 10 years ago. Its value today is enhanced by that fact, because the author's point of view has not been swayed by events now taking place in Ethiopia. Miss Forbes has written a serious and illuminating document. It is not one of the ordinary run of African "adventure" stories. Although it is filled with adventurous incidents, it is a surprisingly thorough study of the country—of its geography, its customs, its people, and some of its history. With her photographer as her only white companion, and a small caravan of natives, Miss Forbes started out on a mule train from Dire Dawa in the southeastern part



—Photo by Ray Lee Jackson

HENDRIK WILLEM VAN LOON

of Ethiopia, whence she worked her way west to Addis Ababa and then north, finally, after traveling over 1,000 miles, coming out in Italian Eritrea. She is probably the first white woman to have accomplished this amazing feat of exploration. She traveled under the seal of protection of the Prince Regent, Ras Tafari, who is now the emperor Haile Selassie, and was his guest in Addis Ababa. But she saw the wild, mountainous country and the blistering deserts and the primitive tribal people as well as the capital and its ruler. For anyone who is truly interested in knowing something about Ethiopia, about the conditions under which the Italians will have to fight, the hardships they will have to overcome, there could scarcely be a better general survey than this. In her new edition, Miss Forbes has written a preface bringing the historical facts up to date, and discussing the chances which she feels Italy has in its present campaign of conquest.

### U. S. Anxious Over Ethiopian Conflict

(Continued from page 2)  
severe depression in 1920. It was followed by a few years of relative prosperity, and then the more serious crash of 1929.

With this background in mind, we can understand what the American government is trying to do. It is trying to profit by the experiences of the World War. Our policy today is directed to two ends. Those in charge of our State Department are determined, first: that there shall be no war boom; and second, that the United States shall not be involved in any way.

This policy of our government does not seem to affect us very vitally so long as only Italy and Ethiopia are fighting. Americans have not traded much with those nations anyway. Furthermore, there is not much danger that we would get into war by going ahead, developing a war trade with Italy, for Ethiopia would not be in a position to cause us trouble for doing so. The administration, however, by stepping in decisively to prevent the development of a war trade with Italy or Ethiopia, is setting a precedent in the case of a greater war—one involving several powerful nations. Leaders of the administration believe that if this war should spread to other nations, the United States could keep its industries from becoming disordered and from putting themselves into a position resulting later in crash, by following the policy now being undertaken by the government.

If our government can prevent an abnormally large trade with Italy, it will be pleasing to the League of Nations. Fifty League nations have adopted sanctions against Italy. They are refusing to trade with her in order to force her to give up the Ethiopian war. If the American people were to carry on an unrestricted trade with

(Concluded on page 7, column 3)



## SHOULD THE UNITED STATES ATTEMPT TO PREVENT JAPANESE CONTROL OF CHINA?

Should we cooperate with the British? Our basic interests and possible courses of action.

**T**HREE three imaginary students will meet each week on this page to talk things over. The same characters will continue from week to week. We believe that readers of THE AMERICAN OBSERVER will find it interesting to follow these discussions week by week and thus to become acquainted with the three characters. Needless to say, the views expressed on this page are not to be taken as the opinions of the editors of THE AMERICAN OBSERVER.

**Mary:** I am wondering if England's position isn't just a little more insecure than most people seem to think. The British appear to have an upper hand as against the Italians, but will they really dare to push their advantage? Dare they irritate Italy to the point where she may declare war and possibly bring on a great world conflict?

**Charles:** Why not? It seems to me that the British are almost certain to win if they lead a League of Nations combination against the Italians. Of course, there is the possibility that Germany might come in and that would complicate things. But even if she did, France and England and Russia and all the smaller League of Nations powers could defeat Italy and Germany and the few nations that would go in with them.

**John:** Isn't that a pretty good reason to think that Germany will stay out and that there won't be a general European war?

**Mary:** But you've left several things out of the picture. The British have to take Egypt into account. The Egyptians are irritated because the British have not accorded them complete independence. They are on the verge of revolution. If the Italians, who already have large armies in North Africa, should press forward into Egypt, that whole region might seethe with revolution and Britain might lose it, and her road to the East and the rest of her empire would be cut across. Then, there is India, which is unhappy and restless. If the British should have trouble elsewhere, millions of Indians might rise in revolution. And finally, and most serious of all, there is the fact that Japan is penetrating into China. The Japanese are today challenging Great Britain because it is a settled British policy to keep them out of China. If Britain should be involved elsewhere, the Japanese would establish themselves in China so firmly that they could not be dislodged. Then British trade with China would suffer and millions of Englishmen who depend for their living upon industries which export goods to the Orient would be thrown out of their jobs. I doubt whether the British will dare to scatter their forces by engaging in a war with Italy. If they do so it will be dangerous for them because it will lose them their influence and trade in the Far East.

**John:** But, Mary, you are forgetting something of importance. What about the United States? Can our country afford to stand idly by and allow the Japanese to take China, simply because Great Britain is too busy elsewhere to resist? Doesn't America have as much at stake in China as Britain has? We haven't as large investments there as the British have, but in the future China will be a great market for American products. The Japanese have been prevented from gobbling that territory because they have felt that Great Britain and the United States would oppose them. If they insist upon taking China over now when the British are occupied elsewhere, must not the United States, in order to protect her own interests, call a halt?

**Charles:** I don't think so. I agree that the United States should look after her own vital interests. Our government should take care of the interests of the American people. But the welfare of the American people will best be served if we stay out of war. If we go to war with Japan over China, we will lose more than we could possibly gain from the trade we could

have with China. I would go farther than that and say we should stay out of war in Europe. We should have nothing to do with the quarrel between the League of Nations and Italy, even if that means we must give up all our trade. We should stay out of war, for our entire export trade isn't worth a war.

**John:** I don't agree with that, Charles. We can never be prosperous unless we have export trade. Of course, while a war lasts, it costs us more than our export trade is worth. But we have to look ahead and think about the years to come. It might pay us to fight a war now if by so doing we could make sure that nations would respect our trade rights at all times and that we would have trade during the years to come.

**Charles:** But when the other nations of the world are at peace we can have trade with them without fighting. We don't need to go to war in order to trade with nations when the world is peaceful. If we go to war over trade we are fighting merely for the right to trade with the nations while the war is going on and that kind of trade isn't worth a war. We could afford to wait until the war is over and then go on with our trade. I am opposed to fighting for our export trade at any time with any nation.

**John:** Well, I think that a nation will fail badly if the other nations get the impression that it will never fight for its rights. I say that we should fight for our rights of trade and that the time to begin is the very moment when Japan tries to get control of China, as it appears to be doing now.

**Mary:** What makes you think that Japan will keep us from trading with China, even if she takes control of that country?

**John:** What is she trying to get control of it for if it isn't to keep all the trade with it to herself?

**Mary:** For several reasons, I suppose. For one thing, she wants to be sure that no other nation will shut off her own trade with China, and she wants to be sure that she can develop the natural resources of China and freely import raw materials such as iron and coal, both of which she needs badly.

**John:** But if she got control of China, don't you think she would cut off our trade?

**Mary:** Well, she has had possession of Manchuria for over three years, and during that time our trade with Manchuria has actually grown.

**John:** We can't be sure it will continue to grow if the Japanese have full possession of China.

**Charles:** Neither can you be sure it won't, and I certainly wouldn't favor our going to war merely because I thought

possibly we'd be injured if we didn't.

**John:** I didn't say we should go to war. If we should merely resist strongly and let the Japanese know that we stood shoulder to shoulder with Great Britain we could bluff them out and we wouldn't have to go to war.

**Mary:** I think you are too optimistic, John. The Japanese are absolutely determined to get China or to increase their influence there. We couldn't any more make them give up their interests there by threatening them than they could make us give up the Monroe Doctrine by threatening us. The only way we or the British or anyone else can keep Japan from dominating China is to send a military and naval force to Japan large enough to defeat her in her own territory. Even assuming that we could do that, and we'd have to have a navy three to five times larger than Japan's to do it, it certainly wouldn't be worth the cost in economic loss and lives.

## U. S. Anxious Over Ethiopian Conflict

(Concluded from page 6, column 4)

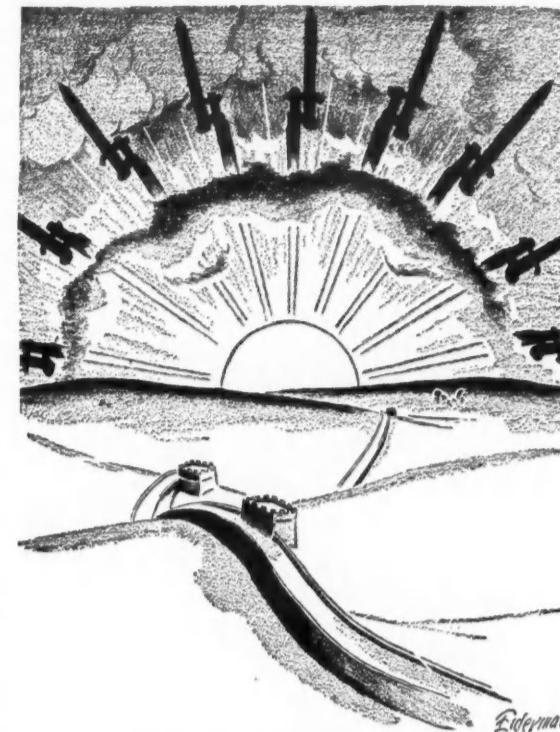
Italy, they would weaken the efforts of the League. The Americans would, in effect, be saying to the Italians: "If the British and French and the other peoples will not trade with you, we will. Give us the trade you have been giving them." But if the American government holds our trade with Italy down to what it was before Italy went to war, we will not be helping Italy to break the sanctions. We will not be making up to them what they are losing through the refusal of the League of Nations to trade with them. And yet, if our government treats both warring nations—that is, Italy and Ethiopia—in the same way, the Italians cannot truthfully say that we are being unneutral.

It should be emphasized that the American government is not undertaking to restrict trade with Italy primarily in order to coöperate with the League of Nations in enforcing sanctions against Italy. Our government is really acting independently of the League. It is trying to protect American industries from an unhealthy boom, which will be followed later by collapse, and it is trying at the same time to prevent the development of a war trade, which, if the war should spread, would probably get us into the conflict.

This neutrality policy of the American government is being criticized from two opposite sources. A good many people who

oppose the League of Nations, or any coöperation with it by the United States, oppose the administration's attempt to restrict trade with Italy because this action in effect assists the League of Nations with its policy of sanctions.

It assists it, even though such is not the primary purpose of our government. On the other hand, strong advocates of the League of Nations criticize the American neutrality policy because they think that our government should coöperate fully with the League of Nations, and should join the League in imposing sanctions upon Italy. They think we should shut off all trade with Italy, while permitting trade with Ethiopia. The American policy, as it is now being followed, steers to the middle of these two courses. It undertakes to permit normal trade with belligerent nations.



SUNRISE OVER THE GREAT WALL

—Elderman in Washington Post

## THOUGHTS AND SMILES

A Shakespearean scholar and former Oxford don is said to resemble Mr. George Arliss. Has it been noticed that he also resembles the Iron Duke, Disraeli, and Cardinal Richelieu?

—PUNCH

One of the tragedies of stage life is that juvenile actors grow up. A talented boy actor recently had to quit at the age of 50.

—Burlington HAWKEYE GAZETTE

Economic and mechanical progress has outstripped political progress.

—Hugh S. Johnson

In Addis Ababa, holy men often harangue the Ethiopian warriors for three or four hours at a stretch. After that, we understand, the warriors are eager to get away to the front.

—Boston HERALD

Cleveland scientist develops platinum flute and a Dusseldorf musician constructs a violin from used matches. Real advancement, however, will be made when a noiseless saxophone is devised out of old safety razor blades and last year's straw hats.

—Cleveland PLAIN DEALER

Though we all approve of general peace, there are quite a number who are unprepared to run any risk in order to preserve it.

—Viscount Cecil

Since the new dollar bills are going to be so definitely artistic, we think it would be a lovely idea for each of our acquaintances to send us one this year in place of the usual Christmas card.

—Boston HERALD

Times are getting better. Now and then you see a man go into a bank with his hat on his head instead of in his hand.

—Washington POST

Mussolini has ordered heatless days for the apartment houses in Italy, though they would be more appreciated down in Ethiopia.

—Cincinnati ENQUIRER

That precious thing—time—we allow to be stolen from us by anyone who happens along.

—Andre Maurois

It may interest some folks to know that government experts are making every effort to discover where the fish come from, but what we'd rather find out is where the heck they go as soon as we wet the line.

—Boston HERALD

We are told that Mussolini's African adventure is going to cost a good deal more than he estimated, but he hasn't heard anything yet. Wait until he begins to run into bonus trouble.

—NEW YORKER

There seems to be no uniform principle among artists, except, perhaps, that the other fellow is hopelessly wrong.

—Francis Henry Taylor

Large baby turtles may be mailed, Mr. Farley rules. We suppose one could be posted special delivery, if time were anything to a turtle.

—Detroit NEWS



NO TICKEE BUT PLENTY OF WASHEE!

—Taiburt in Washington News

# Ten-Year Housing Plan for America Urged by Committee

(Concluded from page 1, column 1)

of course, be inaccurate to attribute this solely to the fact of inferior living quarters. But no one can doubt that a poor home with all the disgust that it inspires in a young man, with all the moral degradation that it is capable of causing, is in no small part responsible for disregard of law. It is worth noting that Edith Elmer Wood in her book "Recent Trends in American Housing" estimated that the total cost of poor housing to the American public in death, illness, and crime amounts to over four billion dollars a year.

The first problem to be faced in any housing program must obviously be that of the slums. Yet the solution of this problem would still leave much to be desired. The extent of the difficulties to be faced may be discerned in a survey made during the last year of the Hoover administration. According to that survey, 70 per cent of American homes, most of which are not usually considered as slums, were below minimum standards of decency.

## New Deal's Efforts

The last two years have seen some effort on the part of the present administration to deal with this housing situation. That its efforts are regarded by some observers as not altogether successful is not due to any want of good intention but rather to the methods employed. The administration, while undoubtedly concerned with doing away with the slums, was primarily interested in supplying projects to relieve the unemployment condition. Various agencies were set up and are still functioning. During the two years of its existence, the PWA has built some 3,000 living units (a living unit being the total number of rooms occupied by a single family). According to the present rate of activity, 3,000 more units will be built within the next two years. Within four years, some 14,000 units will have been completed. Should the government continue to build at that pace, it is estimated that the amount of housing of this character needed would be provided by the year 2500. These figures serve to illustrate vividly how inadequate is this part of the government program in solving the housing problem that faces the United States.

But the PWA is not the sole agency dealing with the problem of homes. Congress has also set up the Resettlement Administration, the Home Owners' Loan Corporation, and the Federal Housing Administration. The first of these has been in existence but half a year—and is still in the

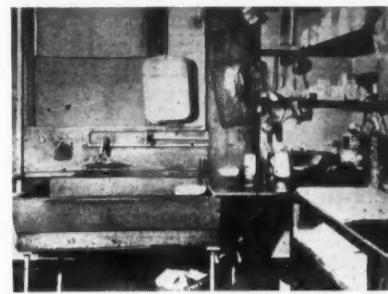
very early stages of its work of rural rehabilitation (see THE AMERICAN OBSERVER, November 4, 1935). The second of these is a purely emergency organization, designed to allay the distress occasioned by foreclosure on mortgages. It was not intended to formulate a housing program. And although as a relief measure it undoubtedly did much to relieve distress, it has nevertheless resulted in what is regarded by some authorities as a burdening of the government with a large number of homes. Many of these are considered to be of doubtful value, with mortgages often greater than their actual worth. The Federal Housing Administration, while not wholly a relief agency, has not been able to follow a consistent policy of home planning. This is apparently due to the fact that it functions only as a guarantee body, to insure mortgages on new construction or the repair of old homes.

It is suggested that what is needed is a somewhat different approach to the problems of housing in this country. Housing authorities believe that any program must be based upon an exact determination of the extent to which the federal government should contribute to any such program and that which must be handled by private industry.

## Housing Needs

What is this problem, precisely stated? There are, according to varying estimates, at least 10,000,000 to 14,000,000 homes which need to be built within the next 10 years. How far should the government go in aiding such a program? If the government is not to participate, can the American people of themselves build the homes they need? If there is such a need for new homes, what has held back construction during the last six years? And how have conditions changed during this period? Is the obstacle which hindered construction during these six years now removed? In brief, how should we undertake to tackle the housing problem?

It is so obvious as hardly to need re-statement that when the incomes of most families are very low and the cost of building comparatively high, few new homes will be built. Let us take for consideration that year when prosperity had not yet turned the corner—1929. At that time, in the United States, one-third of all families were earning less than \$1,200 a year, while two-thirds were earning less than \$2,000. Now it is the opinion of budget experts that no family should spend any more than



SLUM CONDITIONS



MODERN CONDITIONS

(Photos courtesy Federal Housing Administration.)

one-fourth of its income for rent nor more than twice its annual income for the purchase of a new home. In 1929 the average value of all owned homes was estimated to be \$4,780, indicating that two-thirds of our people could not afford the use of an average-priced home.

## Costs High

It is easy to see how acute is the current situation when we consider the drop which has taken place in wages since 1929, without a corresponding fall in the price of materials. John Flynn, the well-known economist, has estimated that 75 out of every 100 families cannot today afford to live in houses costing more than \$3,000, and that half of these must live in houses costing no more than \$1,500. Yet of all the houses built in this country last year, the average cost was \$6,400.

Undoubtedly the nature of building construction has hindered a solution of these difficulties. Homes require individual craftsmanship. Except for certain standard fixtures which demand only installation, a home must be put together, bit by bit, by laborers skilled in their trades. Consequently a single house has hitherto been reserved largely for those of at least moderate income. This country thus presents the peculiar picture of people owning cars yet unable to live in homes of their own. While most other things have been made available to most people because of the methods of mass production applied to their manufacture, homes have not been subjected to this process. A graphic instance is often cited to illustrate this point. In 1911 a certain automobile was selling at \$5,000 but can now be obtained for \$1,720, though the car has been immeasurably improved. It has four times as much power as its earlier edition, it has a number of devices for both safety and utility which it then lacked; yet its cost is now but one-third. Now on the other hand, consider the price of a home. In 1911, the cost of the average seven-room house was \$7,000. In 1931, the same home, less solidly built and with but few improvements upon the old, cost \$14,000.

A housing program, with any regard for a thorough and realistic understanding of the situation, must take all these factors into consideration. Some of the obstacles which but a short while ago would have seemed insuperable are now in a fair way of being removed. In the movement toward prefabricated houses is seen the method of mass production being applied to the building of homes, permitting their construction for an amount as low as \$2,000. Definite indications of improving business lend further encouragement toward the realization of this program.

## Recommendations

It is no doubt with these trends in mind that the Committee for Economic Recovery—a body of prominent industrialists and economists studying methods of industrial and economic improvement—has been able to submit to the President a report of the survey it has made of housing problems in this country. The study of this committee, which is being discussed as the possible basis of the program to be started next year, comprises a number of suggestions. The program

must provide at least 750,000 homes annually for the next 10 years, with down payments as low as five and 10 per cent and at a maximum interest rate on the remainder of four and a half per cent including all charges. Great emphasis is placed upon the requirements of 93 per cent of our population whose family incomes are below \$3,000. Eighty-five per cent of all the construction would be financed privately, with the government co-operating only where it is necessary to provide homes for those whose income is less than \$1,000. The problem of housing, according to this committee, must be divorced from that of relief so that home planning will be consistent with the need for new homes rather than with the need for emergency relief of the unemployed.

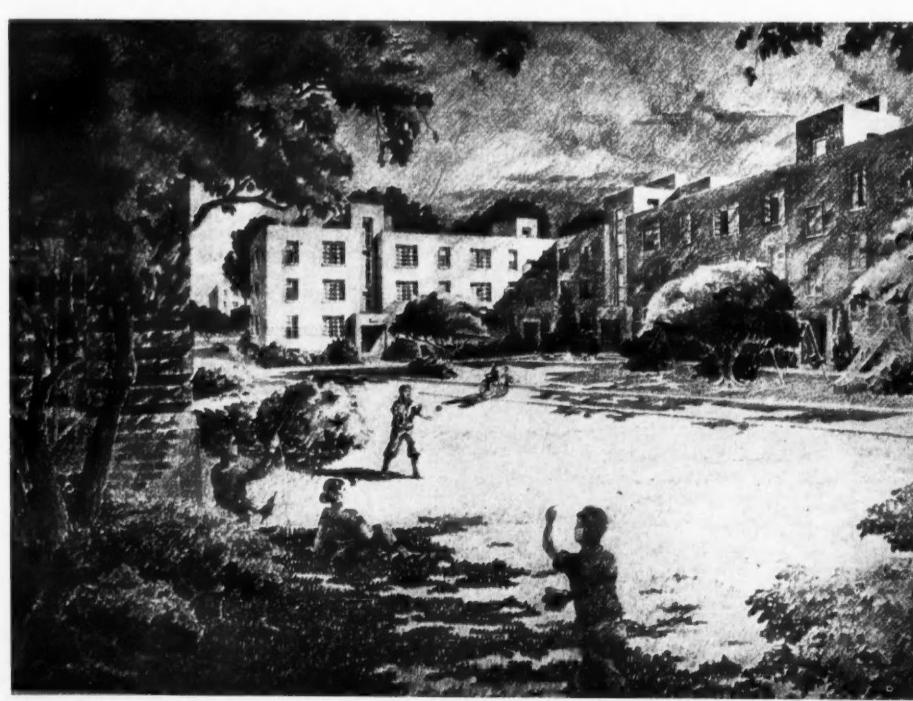
It is estimated that this program would require an annual expenditure of over \$6,000,000,000. This figure lends credence to the belief of the committee that such a program would be a spur to the revival of trade and would return to private employment some 4,000,000 men. It is the opinion of observers that improving conditions contribute greatly to the execution of this program. Already there are signs of enlarged activity in the building trades. The reports of October residential construction indicate that it was the best month not only in 1935, but also since July 1931.

## REFERENCES—

- (a) Recent Trends in American Housing. By Edith Elmer Wood. (Macmillan, \$3.) A volume that deals with housing trends in the United States since the war and discusses the sociological aspects of housing problems.
- (b) Can We Have a Housing Program? A. Mayer. *Nation*, October 9, 1935.
- (c) Practical Housing Program. A. Mayer. *Nation*, October 16, 1935. A series of two articles dealing with the government housing projects and the problems which must be confronted in any housing program.
- (d) Housing Made Clear. H. S. Churchill. *New Republic*. June 12, 1935. Deals with the various aspects to be considered in any program.
- (e) Why Not Housing? A. Mayer. *New Republic*. September 4, 1935. Lists the various governmental agencies concerned with housing and appraises the extent of their accomplishments.

## SOMETHING TO THINK ABOUT

1. What proportion of the American people may be said to be decently housed? What proportion of the people in your community do you think are living in comfortable and attractive houses?
2. Account for the fact that there has been so little progress in the encouragement of housing, when the need for better houses is so generally recognized.
3. Why does it seem undesirable for any of our industries to enjoy a heavy trade with a nation at war, and thus to experience a "war boom"?
4. Do you think that the American State Department, through its neutrality policy, is looking out for the best interests of the American people?
5. Compare the relief expenditures of the Hoover administration with those of the Roosevelt administration.
6. Account for the fact that there has recently been an increase in child labor in the United States.
7. How did the French parliamentary crisis influence Premier Laval's foreign policy?



A PWA HOUSING PROJECT IN INDIANAPOLIS  
It provides for 1,044 families in small row-houses and three-story apartments.

—From Survey Project